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## Connecticut regulators launch inquiry into electric supplier Palmco

### Officials allege deceptive business practices

*By Luther Turmelle, New Haven Register*

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Connecticut utility regulators have launched an inquiry into the business practices of a Brooklyn, New York-based third-party electric supplier state officials allege is being deceptive as it seeks to recruit new customers.

The investigation into Palmco Energy's business practices by the Connecticut Public Utilities Regulatory Authority was launched in late October and is ongoing, said Elin Swanson-Katz, Connecticut's consumer counsel. The PURA investigation into the company includes two public hearings scheduled for later this month, Katz said.

"I've never seen any thing like this," Katz said Wednesday in reference to Palmco's marketing efforts. "It's horrible. Our hope is that anyone who has had problems with Palmco will either show up for the hearings or provide PURA with written testimony so that we can continue to help consumers."

Katz said representatives for Palmco used threats, intimidation, promises of savings that did not materialize and, in some cases, had its door-to-door marketers passing themselves off as representatives of Eversource Energy and The United Illuminating Co., the state's two largest electric utilities.

In addition, contained in 297 pages of exhibits and testimony that are part of PURA's proceedings, are customer claims that:

- Individuals doing door-to-door marketing for Palmco engaged in forgery of customers' signatures.
- The switching of Spanish-speaking customers to Palmco's service without having the terms of the contract explained to them in that language.
- The theft of a homeowners' wallet, forcing the man to chase after the Palmco representative in order to get it back.

Palmco officials issued a statement Wednesday in which, the company said it voluntarily stopped all door-to-door marketing practices in Connecticut immediately after company officials were made aware of the claims.

"Palmco is a family owned and operated business committed to quality customer service," the statement said, in part. "Palmco takes very seriously any allegation that its third-party sales representatives engaged in unauthorized actions and is cooperating fully with the Public Utilities Regulatory Authority's investigation."

The company also used the statement to dispute charges of inappropriate marketing practices in New

York and New Jersey. New Jersey officials sued Palmco and two other third-party electric providers sued in June 2014 for allegedly deceptive marketing practices.

"The investigation into Palmco's sister company in New York found no wrongdoing and there has been no finding of wrongdoing in New Jersey," the company's statement said.

Katz disputes Palmco's claim that it voluntarily stopped its door-to-door marketing in Connecticut.

"On April 16, 2015, PURA issued a cease-and-desist order for Palmco's door-to-door marketing practices, in response to 26 complaints regarding Palmco's door-to-door marketing practices since 2012," Katz said.

"Such tactics cannot be tolerated in Connecticut's retail electric marketplace," she said.

Katz said that the New York attorney general's office announced a settlement in April 2011 with two of Palmco's affiliates in that state, Columbia Utilities and Columbia Utilities Power LLC. She said the companies agreed to pay \$2 million to refund New York consumers and well as \$200,000 in state penalties and an additional \$750,000 penalty could be invoked if the companies fail to comply with the terms of the settlement.

Katz also was critical that Palmco engaged in price gouging of those customers who legitimately agree to switch from another provider.

Palmco charged 3,550 residential customers of Eversource and United Illuminating a rate of 23.7 cents per kilowatt hour, which is nearly three times the current standard service rate set from July 1 to Dec. 31. Katz said Palmco customers of Eversource overpaid approximately \$116 in September as compared to what they would have paid on standard service.

The standard service offer is the generation option for residential customers who do not choose their own third-party supplier.

Katz and other state officials [urged the Federal Trade Commission in October to investigate the business practices of Palmco](#) and other third-party providers.

The PURA hearings on Palmco's business practices will be held Dec. 15 and 16 at the agency's headquarters in New Britain.

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